

Weekly Economic Review

Inflation remains high

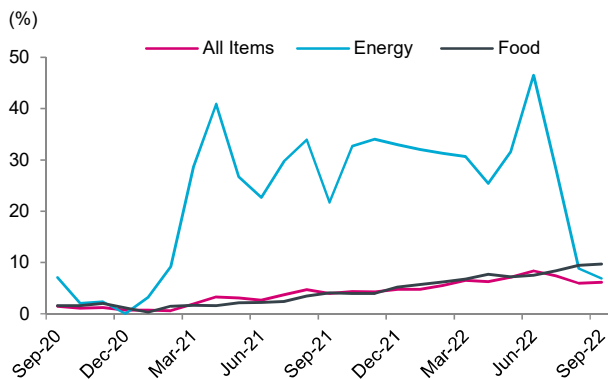
Consumer Price Index

Food inflation accelerates

Alberta's annual inflation rate ticked up with higher food prices. The headline consumer price index increased 6.2% year-over-year (y/y) in September, up from 6.0% y/y in August, even as energy inflation continued to cool (Chart 1). Gasoline prices declined in the month, and electricity prices continued to be significantly lower than a year ago, reflecting the rebate program. Conversely, food prices +0.9% month-over-month (m/m) increased for the 14th month in a row and food inflation accelerated from 9.4% in August to 9.7% in September, the highest rate since 1981. Core inflation (all items except food and energy) also rose from 4.9% y/y in August to 5.3% y/y in September. An acceleration in service inflation, which jumped to a new 14-year high, and higher prices of durable goods drove the increase in core inflation. Nationally, consumer inflation slowed from 7.0% to 6.9% in September, reflecting lower gasoline prices.

CHART 1: FOOD INFLATION ACCELERATES WHILE ENERGY INFLATION EASES

Year-over-year growth in consumer price index



Sources: Statistics Canada, Haver Analytics

New Housing Price Index

New home prices edge down

The Alberta new housing price index edged back in September after ticking up in August. The index declined 0.2% m/m, with higher prices in Edmonton offset by falling land and house prices in Calgary. On a y/y basis, the index was up 11%, outpacing the national change (+6.3%) largely on the back of Calgary's annual growth (+14.2% y/y). Nonetheless, the y/y growth in house prices has been moderating since the spring.

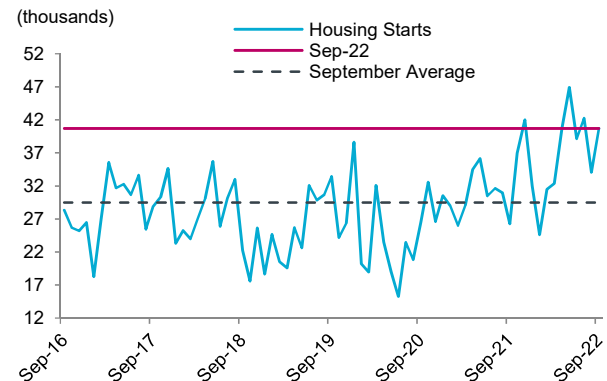
Housing Starts

Starts bounce back

After a relatively quiet month in August, housing starts rebounded strongly in September. Starts soared 20% m/m to a seasonally adjusted annual rate (SAAR) of 40,701 units (Chart 2). They were propelled by strong gains in both the multi-unit category (+30% m/m) and single-detached starts (+7.3% m/m). Despite rising interest rates and ongoing labour shortages, strong migration into the province coupled with tight inventories continue to bolster homebuilding activity. Regionally, Calgary, Edmonton, and rural areas advanced, while other urban areas observed a sharp decline. With a robust monthly gain, year-to-date (YTD) starts were up 21%, with gains in all major urban areas.

CHART 2: STARTS REMAIN ELEVATED

Alberta wide housing starts (SAAR)



Sources: Canadian Mortgage and Housing Corporation, Haver Analytics

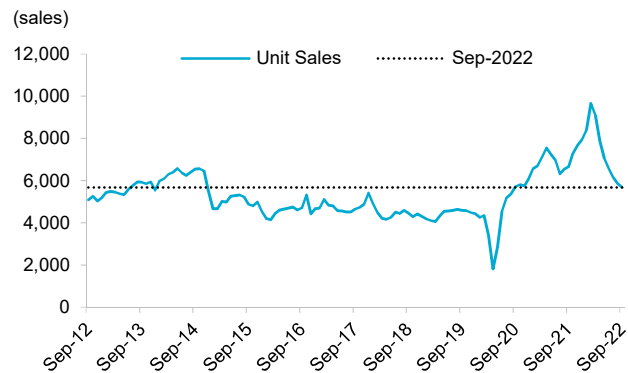
Resale Housing

Prices steady as activity continues to cool

Activity in Alberta's resale housing market continues to pull back while prices are holding up. Seasonally-adjusted (SA) unit sales declined 3.2% m/m to 5,675 in September. Sales decreased in nearly all regions, with some falling back to 2019 levels. While activity slowed for the seventh consecutive month, the pace of the decline continued to decelerate and activity remained at levels not seen since 2014 (or something like that) (Chart 3). The months of inventory nudged up slightly (+0.1 to 3.6 months) for the second month in a row. The average resale price increased (+1.9% m/m) for the first time in six months, and despite the declines in previous months they are 4.1% higher than a year ago.

CHART 3: SALES ACTIVITY CONTINUES TO SLOW

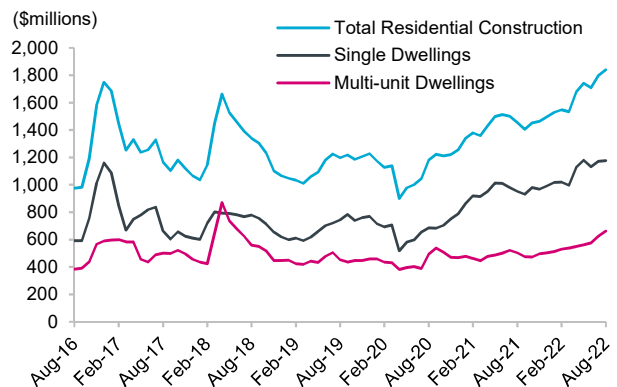
Alberta wide unit sales, seasonally adjusted



Sources: Canadian Real Estate Association, Haver Analytics

CHART 4: RESIDENTIAL INVESTMENT MOVES HIGHER

Investment in housing construction by type, seasonally adjusted



Sources: Statistics Canada, Haver Analytics

Employment Insurance (EI)

Beneficiaries continue to decline

Fewer Albertans are receiving EI. The number of Albertans receiving regular EI benefits fell 1.2% m/m to 50,620 in August, despite modest employment loss and uptick in unemployment rate. With the monthly decline, the number of beneficiaries remains below pre-COVID levels. The decline in total beneficiaries also continued amid a 3.0% m/m increase in the number of Albertans applying for EI.

Residential Construction Investment

Investment peaks on the back of multi-units

Investment in residential construction increased further in August. Alberta residential construction spending went up 2.3% m/m to \$1.8 billion, surpassing the July 2022 level and reaching a new record high (Chart 4). Investment in multi-unit buildings (+6.0% m/m) led the gain, while single-dwelling investment (+0.4% m/m) also ticked up. Regionally, the gains were led by Calgary, with a strong monthly increase for multi-units, while investment in Edmonton also went up. Lethbridge and Alberta's non-CMA regions experienced declines. YTD, residential investment was up 17%, with gains in all regions driven by higher construction costs.

Non-residential Construction Investment

Investment lifted by commercial activity

Non-residential construction activity in Alberta ticked up in August. Investment in non-residential building construction stood at \$686 million (+1.0% m/m), propped up by commercial construction activity (+2.2% m/m) on the back of higher spending for trade and services. This entirely offset the slight decline in institutional & governmental investment (-2.5% m/m). Meanwhile, industrial investment edged up 1.2% m/m. Regionally, there were gains in Calgary (+3.1% m/m) and Edmonton (+2.1% m/m), while declines were reported in Lethbridge (-1.7% m/m), and rest of Alberta (-3.9% m/m). Overall, non-residential construction was up 17% YTD, led by a large gain in commercial projects (32%) and improving investment in industrial buildings.

Retail Trade

Sales steady

Alberta's retail sales held up in August despite elevated inflation and rising interest rates. Seasonally adjusted retail sales were unchanged at \$8.1 billion, with consumers spending their gains from lower gasoline prices on other categories. Sales at gasoline stations fell as the retail price of gasoline plunged 16% in the month. This decline was offset by a rebound in sales at motor vehicle and parts dealers and continuing seasonal strength in building, material and garden equipment and supplies. While sales have levelled off over the last 4 months, they were up 9.7% y/y. Excluding gasoline stations, sales posted the strongest y/y growth since early 2021 and gains were observed in nearly all categories.

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For current snapshot of Alberta indicators [Alberta Economy - Indicators at a Glance](#)